

Franchising

Overview

More than half of the franchise chains present in Bulgaria have entered the market during the last six years, and a significant surge was experienced during 2007 and 2008. This trend will accelerate even more as disposable income and an understanding of the franchise business model grows. As more and more Bulgarians engage in international travel, recognition of American brands continues to grow. Because of their greater name recognition, large international brands are especially attractive to investors.

Franchising has changed dramatically over the last decade. There are more multi-unit and area developers, more high-tech ways to optimize sales and leaner and meaner corporations honed by the recession. At the same time, franchising remains subject to the challenges it has always faced: the fads, the bubbles and the whims of public taste.

Franchising is most apparent in the fast-food sector with many local and internationally recognized fast-food franchises operating in Bulgaria. In global aspect the recession put the brakes on many franchise chains' expansion — but not in Bulgaria. For instance, one of the top fast-food chain by number of locations, Subway, has now 27 restaurants in Bulgaria, where McDonald's number of restaurants grew to 31.

The Bulgarian retail market is now ready for the many products and services that are typically marketed and sold internationally through franchise stores. Bulgarian consumers are looking for retailers that can provide a consistent selection of quality products, reasonable prices and good service. Bulgarian entrepreneurs are also eager to obtain marketing and management expertise. The Bulgarian legal framework is very accommodating to foreign franchises.

Currently, there are no franchise laws or specific regulations pertaining to this business model. In general, no specific registration or government approval is required in order to establish a franchise enterprise.

Among the most visible brands in Bulgaria are: KFC, Dunkin Donuts, Subway, Domino's Pizza, Berlitz, ERA, Century 21, Remax, GNC, and Wilson Learning. The recent entry of Curves, Subway, Dale Carnegie, Domino's Pizza and Starbucks, demonstrate that the American franchise concept is becoming popular as the local market matures. McDonald's is the most visible franchise around the country employing over 1,000 Bulgarians and serving over 6 million customers a year. Dunkin Donuts, KFC and Burger King restaurants benefited from a strong attendance due to the increased new malls construction in few big cities like Sofia, Stara Zagora, Plovdiv and Bourgas.

Sub-Sector Best Prospects

Sectors with the most significant potential for U.S. franchisers include automotive products and services, restaurants, coffee shops, lodging (hotels), laundry/dry-cleaning, hotel management, real estate brokerage, nutrition and supplement industry products, and employment/educational/training services. Good franchise opportunities also include convenience stores, ice cream/yogurt stores, hardware stores, marketing/public relations, specialty retail stores, commercial and residential cleaning, recreation facilities/equipment and services, baked foods, candy and snacks.

Web Resources

<http://expo.franchising.bg/> Franchising Expo in Bulgaria

www.franchising.bg Franchise Opportunities in Bulgaria